

**HOLLAND AREA COMMUNITY
SWIMMING POOL AUTHORITY**

HOLLAND, MICHIGAN

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

**Holland Area Community Swimming Pool Authority
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2008**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	I
Management's Discussion and Analysis	II
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	3
Statement of Revenue, Expenditures and Changes in Fund Balances	4
Reconciliation of the Statement of Revenue, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	5
Notes to Financial Statements	6
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	17



INDEPENDENT AUDITOR'S REPORT

September 4, 2008

Board of Directors
Holland Area Community Swimming Pool Authority
Holland, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Holland Area Community Swimming Pool Authority (the Authority) as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Holland Area Community Swimming Pool Authority as of June 30, 2008 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants

Management's Discussion and Analysis

As management of the Holland Area Community Swimming Pool Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements that follow this section.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$5,419,052 (*net assets*). Of this amount, \$1,327,758 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to citizens and users.
- The Authority's total net assets increased by \$213,161. This is reflected in a net increase in capital assets, net of related debt of \$227,264, an increase in restricted net assets of \$2,082, and a decrease in unrestricted net assets of \$16,185.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$1,608,678, an increase of \$55,880 in comparison with the prior year. Approximately 84% of this total amount, \$1,357,121, is *available for spending* at the Authority's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,357,121 or 70% of total general fund expenditures and transfers out.
- The Authority's total debt decreased by \$487,079 (6.6%) during the current fiscal year. This is the result of the Authority making its required scheduled debt service payments of \$525,000, a net decrease in deferred bond refunding costs of \$33,931, and a net increase in accrued compensated absences of \$3,990.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only effect cash flows in future fiscal periods (e.g., accrued compensated absences and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and charges for services (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Pool operations account for all of the governmental activities of the Authority. The Authority has no business-type activities.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are classified as governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains three (3) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Debt Retirement Fund, which are considered to be major funds. The Authority has one (1) nonmajor fund. This nonmajor fund (Building and Site Fund) is a governmental fund.

The Authority adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided herein to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary funds. Proprietary funds are used to report *business-type activities*. The Authority has no business-type activities and therefore no proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The Authority has no fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6-16 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparison for the Authority's General Fund found on page 17 of this report.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$5,419,052 at the close of the most recent fiscal year.

Approximately 72% of the Authority's net assets reflect its investment in capital assets (e.g., land, land improvements, buildings, and equipment). The Authority uses these capital assets to provide services to Aquatic Center users; consequently, these assets are *not* available for future spending.

An additional portion of the Authority's net assets (3.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$1,327,758) may be used to meet the Authority's ongoing obligations to Aquatic Center users.

At the end of the current fiscal year, the Authority is able to report positive balances in all three categories of net assets.

The following table shows, in a condensed format, the net assets of the Authority as of June 30, 2008 and 2007.

TABLE 1 - Holland Area Community Swimming Pool Authority's Net Assets

	Governmental Activities	
	2008	2007
Current and other assets	\$ 1,703,929	\$ 1,683,370
Capital assets	10,842,147	11,101,962
Total assets	12,546,076	12,785,332
Long-term debt outstanding	6,913,426	7,400,505
Other liabilities	213,598	178,936
Total liabilities	7,127,024	7,579,441
Net assets:		
Invested in capital assets, net of related debt	3,928,721	3,701,457
Restricted	162,573	158,084
Unrestricted	1,327,758	1,346,350
Total net assets	\$ 5,419,052	\$ 5,205,891

Change in Net Assets – As shown in Table 2 (changes in net assets) the Authority’s total revenues were \$2,801,672 for the current year, of which 68.5% was obtained from property taxes. Charges for services accounted for another 28.1% of the total. The balance of the Authority’s revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended June 30, 2008 was \$2,588,511. All of the Authority’s expenses for the year were for pool operations.

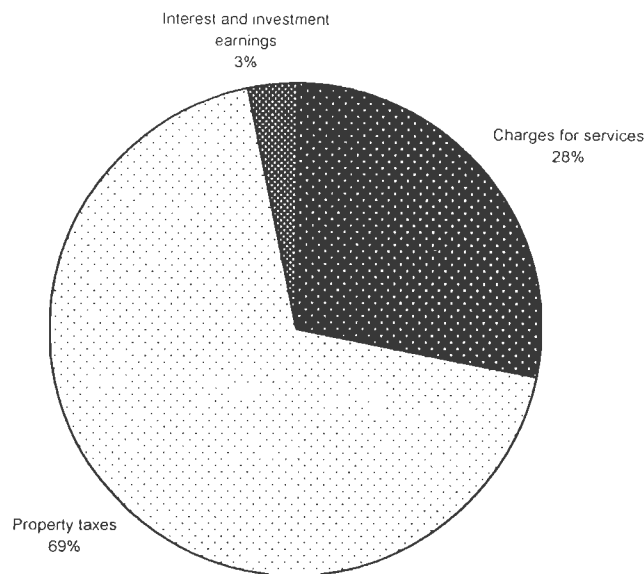
Net assets increased by \$213,161 for the Authority’s governmental activities.

The following analysis highlights the changes in net assets for the fiscal years ended June 30, 2008 and 2007.

TABLE 2 - Authority's Changes in Net Assets

	Governmental Activities	
	2008	2007
Program revenues		
Charges for services	\$ 787,520	\$ 812,893
General revenues		
Property taxes	1,919,509	1,931,961
State shared revenues	-	29,179
Interest and investment earnings	94,643	109,127
Loss on sale of capital assets	-	(6,000)
Total revenues	2,801,672	2,877,160
Program expenses		
Pool operations	2,588,511	2,567,533
Change in Net Assets	\$ 213,161	\$ 309,627

Revenues by Source – Governmental Activities



Financial Analysis of the Authority's Funds

Governmental Funds - Our analysis of the Authority's major funds begins on page 3, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Authority as a whole. The Authority Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Authority's major funds for 2008 consist of the General Fund and Debt Retirement Fund.

The General Fund is the main operating fund of the Authority. Total General Fund revenues for fiscal year 2008 decreased by \$22,107 or 1.1%. Property tax revenues increased by \$29,271 or 2.7%. Charges for services (i.e open swim, membership fees, etc.) decreased by \$11,484. All other General Fund revenues increased by \$4,320.

General Fund expenditures decreased in fiscal 2008 by \$109,818 or 5.3%. The most significant changes were decreases in costs for purchased repairs and maintenance services, and a significant decrease in capital outlay expenditures.

The June 30, 2008 fund balance of the general fund is \$1,400,148, of which \$43,027 is reserved for prepaid items and \$1,357,121 is unreserved. This is a decrease of \$53,798 from the prior year. The \$1,357,121 unreserved fund balance is approximately 69.8% of fiscal 2008 expenditures and operating transfers to other funds (there were no transfers to other funds during fiscal 2008), which amounted to \$1,943,276.

The Debt Retirement Fund is used to account for receipt of debt levy tax revenues and related interest earnings, and account for the payment of interest, principal, and other expenses associated with outstanding debt. Total Debt Retirement Fund revenues, consisting mainly of property taxes and investment earnings, decreased by \$46,491, or 5.4%, to \$817,488. During the year the Debt Retirement Fund had \$815,406 in expenditures, compared to \$820,181 in the prior year, due to a slight reduction in debt service costs (interest costs lower this year as the debt balance is lower). The June 30, 2008 fund balance of the Debt Retirement Fund is \$208,530, an increase of \$2,082 from the prior year.

General Fund Budgetary Highlights

Over the course of the year, the Authority Board amended the budget to take into account events during the year. Budgeted revenues were increased to more accurately reflect expected revenues and expenditures. Budgeted revenue and expenditure amounts remained relatively consistent from the original to the final amended budget, with a decrease of \$33,651 in budgeted revenues, and a decrease of \$49,514 in budgeted expenditures. The General Fund's fund balance increased by \$53,798 compared to a budgeted increase of \$743.

Capital Assets and Debt Administration

Capital assets. The Authority's investment in capital assets for its governmental activities as of June 30, 2008, amounted to \$10,842,147 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the Authority's investment in capital assets for the current fiscal year was \$259,815 (2.3%).

During the fiscal year the Authority had \$55,132 of capital expenditures. Capital asset acquisitions during the current fiscal year include the following:

- \$49,725 for variable frequency devices and controls
- \$5,407 of computer equipment

Additional information on the Authority's capital assets can be found in note 3B on page 12 of this report.

Holland Area Community Swimming Pool Authority's Capital Assets (net of depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 10,000	\$ 10,000
Buildings and improvements	10,701,707	10,985,468
Machinery and equipment	<u>130,440</u>	<u>106,494</u>
Total	<u>\$ 10,842,147</u>	<u>\$ 11,101,962</u>

Long-term debt. At the end of the current fiscal year, the Authority had total installment debt outstanding of \$7,110,000.

**Holland Area Community Swimming Pool Authority's Outstanding Debt
General Obligation Bonds**

	Governmental Activities	
	2008	2007
General obligation bonds	<u>\$ 7,110,000</u>	<u>\$ 7,635,000</u>

The Authority's total debt decreased by \$487,079 (6.6%) during the current fiscal year. This is the result of the Authority making its required scheduled debt service payments of \$525,000, a net decrease in deferred bond refunding costs of \$33,931, and a net increase in accrued compensated absences of \$3,990.

Additional information on the Authority's long-term debt can be found in Note 3D on page 13 of this report.

Economic Factors and Next Year's Budgets and Rates

The Authority's budget for fiscal year ended June 30, 2009 calls for no change in the overall property tax rate of .85 mills.

The projected general operating revenues for the fiscal year ended June 30, 2009 appear comparable to those received during the fiscal year ended June 30, 2008. Fiscal year 2009 general operating revenues are budgeted at \$2,013,680, compared to \$2,000,763 in budgeted revenues in fiscal 2008. General operating expenditures for fiscal 2009 are expected to be approximately 3.8% higher than in fiscal 2008, primarily due to rising energy costs, higher costs for insurance and small increases in wages. For the fiscal year ended June 30, 2009 budget, the Authority appropriated \$62,915 of its unreserved fund balance to support pool operations.

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions regarding this report or need additional information, we welcome you to contact the Authority's executive director at the business office of Holland Community Aquatic Center, 550 Maple Avenue, Holland, MI 49423.

Basic Financial Statements

Holland Area Community Swimming Pool Authority
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities
ASSETS	
Cash	\$ 533,527
Investments	1,127,375
Prepaid items	43,027
Capital assets (net of depreciation)	<u>10,842,147</u>
Total Assets	<u>12,546,076</u>
LIABILITIES	
Accounts payable	19,081
Accrued payroll	45,122
Accrued payroll taxes	9,568
Due to other governments	21,480
Deferred revenue	72,390
Accrued interest payable	45,957
Noncurrent liabilities:	
Due within one year	545,000
Deferred bond refunding costs	(200,564)
Due in more than one year	<u>6,568,990</u>
Total Liabilities	<u>7,127,024</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,928,721
Restricted for:	
Debt service	162,573
Unrestricted	<u>1,327,758</u>
Total Net assets	<u>\$ 5,419,052</u>

Holland Area Community Swimming Pool Authority
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Function/Programs:			
Primary Government:			
Governmental Activities:			
Pool operations	\$ 2,588,511	\$ 787,520	\$ (1,800,991)
General revenues:			
Property taxes, levied for general purposes			1,120,564
Property taxes, levied for debt purposes			798,945
Interest and investment earnings			94,643
			<u>2,014,152</u>
Change in Net Assets			213,161
Net Assets - Beginning, As Restated			<u>5,205,891</u>
Net Assets - Ending			<u>\$ 5,419,052</u>

Holland Area Community Swimming Pool Authority
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Debt Retirement Fund	Non-Major Fund Building and Site Fund	Total Governmental Funds
ASSETS				
Cash	\$ 324,997	\$ 208,530	\$ -	\$ 533,527
Investments	1,127,375	-	-	1,127,375
Prepaid items	43,027	-	-	43,027
Total Assets	<u>\$ 1,495,399</u>	<u>\$ 208,530</u>	<u>\$ -</u>	<u>\$ 1,703,929</u>
LIABILITIES				
Accounts payable	\$ 19,081	\$ -	\$ -	\$ 19,081
Accrued payroll	45,122	-	-	45,122
Accrued payroll taxes and withholdings	9,568	-	-	9,568
Due to other governments	21,480	-	-	21,480
Total Liabilities	<u>95,251</u>	<u>-</u>	<u>-</u>	<u>95,251</u>
FUND BALANCES				
Reserved:				
Prepaid items	43,027	-	-	43,027
Debt service	-	208,530	-	208,530
Unreserved-reported in:				
General Fund	1,357,121	-	-	1,357,121
Total Fund Balances	<u>1,400,148</u>	<u>208,530</u>	<u>-</u>	<u>1,608,678</u>
Total Liabilities and Fund Balances	<u>\$ 1,495,399</u>	<u>\$ 208,530</u>	<u>\$ -</u>	

Amount reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Capital assets (net of depreciation) 10,842,147

Membership fees are reported as revenue in the fund when collected (as they are available to pay for current year expenditures), and are deferred on the Statement of Net Assets as as they are not recognized until earned (72,390)

Compensated absences payable are not due and payable in the current period, and are therefore not reported in the funds (3,990)

Interest accrued on bonds payable is not reported in the funds (45,957)

Long term liabilities are not due and payable in the current period and are therefore not reported in the funds (7,110,000)

Unamortized deferred bond issuance costs are not reported in the funds 200,564

Net Assets of Governmental Activities \$ 5,419,052

Holland Area Community Swimming Pool Authority
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	General Fund	Debt Retirement Fund	Non-Major Fund Building and Site Fund	Total Governmental Funds
Revenues:				
Property taxes	\$ 1,120,564	\$ 798,945	\$ -	\$ 1,919,509
Interest and investment income	75,101	18,543	999	94,643
Rentals	144,912	-	-	144,912
Instructional	132,108	-	-	132,108
Open swim	250,522	-	-	250,522
Membership revenue	238,918	-	-	238,918
Concession revenue	3,179	-	-	3,179
Merchandise revenue	4,434	-	-	4,434
Other	27,336	-	58,501	85,837
Total Revenues	<u>1,997,074</u>	<u>817,488</u>	<u>59,500</u>	<u>2,874,062</u>
Expenditures:				
Current:				
Wages and benefits	1,237,597	-	-	1,237,597
Purchased services - maintenance/repair	72,012	-	-	72,012
Purchased services - other	33,322	-	-	33,322
Supplies - maintenance and chemicals	37,075	-	-	37,075
Supplies - other	53,208	-	-	53,208
Dues and fees	16,317	-	-	16,317
Travel/conferences/training	6,687	-	-	6,687
Utilities	366,473	-	-	366,473
Telephone and cable	6,112	-	-	6,112
Insurance	56,652	-	-	56,652
Advertising	21,012	-	-	21,012
Other miscellaneous expense	5,087	-	-	5,087
Capital outlay	31,722	-	59,500	91,222
Debt service:				
Principal	-	525,000	-	525,000
Interest	-	290,181	-	290,181
Paying agent fees and other	-	225	-	225
Total Expenditures	<u>1,943,276</u>	<u>815,406</u>	<u>59,500</u>	<u>2,818,182</u>
Net Change in Fund Balances	53,798	2,082	-	55,880
Fund Balances - July 1, As Restated	<u>1,346,350</u>	<u>206,448</u>	<u>-</u>	<u>1,552,798</u>
Fund Balances - June 30	<u>\$ 1,400,148</u>	<u>\$ 208,530</u>	<u>\$ -</u>	<u>\$ 1,608,678</u>

Holland Area Community Swimming Pool Authority
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Net change in fund balances-Total Governmental Funds **\$ 55,880**

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	55,132
Current year depreciation expense on capitalized assets	(314,947)

Governmental funds report revenues when available to pay for current financial resources. In the statement of activities, revenues are recognized when they are earned. Therefore, membership fees are recognized over the term of the membership.	(72,390)
--	----------

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when due in the governmental funds	(3,990)
---	---------

Repayments of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	525,000
--	---------

Governmental funds report the effect of debt issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	(33,931)
--	----------

In the statement of activities, interest is accrued on outstanding bonds and notes payable, whereas in governmental funds, an interest expenditure is reported when due	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 2,407
---	---

Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div> \$ 213,161
--	--

Holland Area Community Swimming Pool Authority
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Holland Area Community Swimming Pool Authority is involved with the ownership and operation of a community swimming pool.

The accounting policies of the Holland Area Community Swimming Pool Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Holland Area Community Swimming Pool Authority:

A. Reporting Entity

The Holland Area Community Swimming Pool Authority is formed for all purposes permissible under Act No. 425, Public Acts of Michigan, 1994, as amended, including but not limited to the ownership and/or operation of a community swimming pool. The following participating municipalities have adopted resolutions providing for the establishment of and the municipality's participation in the Holland Area Community Swimming Pool Authority: City of Holland, Holland Charter Township, Park Township, and Laketown Township.

Component units are entities for which the Authority is considered to be financially accountable. The Authority has no component units, and accordingly, there are no component units included in the financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support (all of the Authority's activities are classified as governmental activities). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable (the Authority has no such component units).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. Other revenue is recorded when received.

The Authority reports the following major governmental funds:

General Fund - The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - This fund is used to account for receipt of debt retirement levy tax revenues and related interest earnings, and account for the payment of interest, principal, and other expenses associated with outstanding debt.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Bank Deposits and Investments.

The Authority maintains separate cash accounts for each of its various funds.

The Authority's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The Authority's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

2. Receivables and Payables.

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any.

3. *Inventories and Prepaid Items.*

Inventories do not consist of material amounts. Inventories of governmental funds are recorded as expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets.*

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Land improvements	15
Machinery and equipment	5-20

5. *Compensated Absences.*

It is the Authority's policy to permit certain employees to accumulate earned but unused vacation pay benefits. Vacation pay is accrued in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

6. *Long-Term Obligations.*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

7. *Fund Equity.*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are recorded as revenue in the General Fund and Debt Retirement Fund in the year in which they are due. Properties are assessed as of December 31 and the related property taxes are levied and become a lien on July 1. The final collection date is February 28, after which uncollected taxes are added to the County tax rolls.

Property tax collections were as follows for the year ended June 30, 2008.

	<u>Total Collected</u>	<u>Summer Taxes</u>	<u>Winter Taxes</u>
Operating levy - General Fund			
City of Holland	\$ 896,300	100% due August 15	0% due February 15
Holland Charter Township	36,714	50% due September 15	50% due February 15
Laketown Township	108,442	50% due September 15	50% due February 15
Park Township	79,108	50% due September 15	50% due February 15
	<u>\$ 1,120,564</u>		
Debt Retirement Levy - Debt Retirement Fund			
City of Holland	\$ 640,635	100% due August 15	0% due February 15
Holland Charter Township	25,920	50% due September 15	50% due February 15
Laketown Township	76,547	50% due September 15	50% due February 15
Park Township	55,843	50% due September 15	50% due February 15
	<u>\$ 798,945</u>		

F. Use of Estimates

The preparation of financial statements in conformity with accounting principle generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The budgets are prepared, controlled, and approved by the Board of the Authority. The Authority uses the following procedures in establishing the budgetary data reflected in the financial statements.:

- Starting in the spring, the director of the Authority establishes a proposed operating budget for the fiscal year commencing the following July 1.
- Prior to June 30, a preliminary appropriations budget is adopted by the Board for the subsequent fiscal year to comply with State of Michigan regulations.
- Budgets for the General Fund and Debt Retirement Fund are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Board on various dates. Individual amendments were not material in relation to the original appropriations, which were amended.

Once a budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, and are reflected in the official minutes of the Board and are not made after fiscal year-end as dictated by law.

Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

The appropriated budget is prepared by fund and function. The legal level of budgetary control adopted by the governing body is the function level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations as compared to budget for the General Fund is included in the required supplemental information.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of Authority funds. The investment policy adopted by the Authority in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The Authority's deposits and investment policy are in accordance with statutory authority.

At year-end, the Authority's deposits and investments were reported in the basic financial statements in the following categories.

The breakdown between deposits and investments is as follows:

	<u>Governmental Activities</u>
Cash	\$ 533,527
Investments	<u>1,127,375</u>
Total cash and investments	<u>\$ 1,660,902</u>

The breakdown of deposits and investments is as follows:

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 823,842
Money market funds	286,706
U.S. Government securities	<u>550,354</u>
Total	<u>\$ 1,660,902</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. At year end the bank balance of the Authority's deposits was \$595,372 of which \$100,000 was covered by federal depository insurance and \$495,372 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits Authority funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The Authority includes certificates of deposit in "Investments" on the Governmental Funds Balance Sheet and on the Statement of Net Assets.

The Authority chooses to disclose its investments by specifically identifying each. As of year end, the Authority had the following investments.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>
Federal National Mortgage Association	4/28/2010	\$ 49,828	AAA
Federal Farm Credit Banks VR	11/12/2010	25,004	AAA
Federal Home Loan Bank	11/19/2010	30,178	AAA
Federal Home Loan Mortgage Corp	11/26/2010	50,217	AAA
Federal Home Loan Bank	12/17/2010	50,250	AAA
Federal Farm Credit Bank	1/24/2011	50,031	AAA
Federal Home Loan Bank	5/12/2011	49,688	AAA
Federal Home Loan Bank	10/6/2011	30,131	AAA
Federal Home Loan Bank	11/28/2011	50,359	AAA
Federal Home Loan Bank	11/28/2011	50,359	AAA
Federal Home Loan Bank	2/27/2012	39,175	AAA
Federal Farm Credit Banks	6/11/2012	49,656	AAA
Federal Farm Credit Bank	4/5/2017	25,479	AAA
Total U.S. Government Securities		550,355	
Money Market Funds		286,706	
Certificates of Deposit		290,314	
Total Investments		<u>\$ 1,127,375</u>	

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments, the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Authority has no investment policy that limits its investment choices beyond those required by state law. At year-end, the Authority had \$286,706 in permissible money market funds that are not separately rated.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has not adopted and state law does not require a policy for investment custodial credit risk. As of June 30, 2008, the Authority's investments were held by a third party in the Authority's name. The Authority's investments in money market accounts, certificates of deposit, and public funds bank accounts are not subject to risk categorization.

Concentration of Credit Risk. State law does not limit and the Authority has not adopted a formal policy on the amount the Authority may invest in any one issuer. A summary of the Authority's investments is shown above.

B. Capital Assets

Capital asset activity of the Authority for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Capital Assets Being Depreciated					
Building and improvements	13,601,770	-	-	-	13,601,770
Furniture and equipment	291,377	55,132	-	-	346,509
Subtotal	13,893,147	55,132	-	-	13,948,279
Less Accumulated Depreciation for					
Buildings and improvements	(2,616,302)	(283,760)	-	-	(2,900,062)
Furniture and equipment	(184,883)	(31,187)	-	-	(216,070)
Subtotal	(2,801,185)	(314,947)	-	-	(3,116,132)
Net Capital Assets Being Depreciated	11,091,962	(259,815)	-	-	10,832,147
Governmental Activities Total					
Capital Assets - Net of Depreciation	\$ 11,101,962	\$ (259,815)	\$ -	\$ -	\$ 10,842,147

Depreciation expense was charged to programs of the Authority as follows:

Governmental Activities	
Pool Operations	\$ 314,947

Construction Commitments-The Authority had no significant construction projects or commitments as of June 30, 2008.

C. Interfund Receivables, Payables and Transfers

At June 30, 2008, there were no interfund balances. There were no interfund transfers during the year ended June 30, 2008.

D. Long-Term Debt

The Authority issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. In the event that a deficiency exists at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity for the Authority can be summarized as follows:

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General obligation bonds						
2007 Refunding, interest rates from 2.25% to 5.25, maturing 2019	\$ 8,175,000	<u>\$ 7,635,000</u>	<u>\$ -</u>	<u>\$ (525,000)</u>	<u>\$ 7,110,000</u>	<u>\$ 545,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 545,000	\$ 275,744
2010	560,000	259,394
2011	575,000	241,894
2012	595,000	223,206
2013	615,000	203,126
2014-2018	3,475,000	612,550
2019	<u>745,000</u>	<u>29,800</u>
Total	7,110,000	1,845,714
Accrued compensated absences	<u>3,990</u>	<u>-</u>
Total	<u>\$ 7,113,990</u>	<u>\$ 1,845,714</u>

Interest included as a direct function expense (pool operations) was \$321,705 for the fiscal year ended June 30, 2008.

Advance Refunding – 1999 Building Authority Bonds – On October 20, 2004, the Authority issued \$8,175,000 in General Obligation Unlimited Tax Refunding Bonds with interest rates ranging between 2.250% and 5.250% to advance refund \$8,330,000 of outstanding 1997 General Obligation Unlimited Tax Bonds. The Authority used the net proceeds along with other resources to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of bonds. As a result of the advance refunding, the 1997 bonds are considered defeased and the liability for those bonds has been removed from the governmental activities column of the statement of net assets.

Prior Years' Debt Defeasance – In a prior year, the Authority defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's Statement of Net Assets. As of June 30, 2008, the amount of defeased debt outstanding but removed from the Statement of Net Assets amounted to \$7,375,000. These bonds are scheduled to be called on May 1, 2019.

E. Restricted Assets

The Authority had no restricted assets at June 30, 2008.

NOTE 4. OTHER INFORMATION

A. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all the above mentioned types of risks of loss. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

B. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan were held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted for any other use. The Administrators are the agents of the employer for the purpose of providing direction to the custodian of the custodial accounts from time to time for the investment of the funds held in the account, transfer of the assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Authority's financial statements.

C. Pension

Plan Description – The Authority participates in the Michigan Municipal Employees' Retirement System (MMERS), an agent multiple-employer defined benefit pension plan that covers all eligible employees of the Authority. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The MMERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 447 N. Canal Rd., Lansing, MI 48917.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by the Board Authority and requires a contribution from the employees of 4 percent of gross wages for the year ended June 30, 2008.

Annual Pension Cost – For the year ended June 30, 2008 the Authority’s annual pension cost of \$44,986 for the plan was equal to the Authority’s required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent to 12.90 percent per year, including an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of any given year’s variation from an 8 percent return over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a period of 30 years.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 40,274	100%	None
6/30/07	\$ 42,456	100%	None
6/30/08	\$ 45,127	100%	None

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UUAL as a Percentage of Covered Payroll [(b-a)/c]</u>
12/31/05	\$ 74,647	\$ 75,270	\$ 623	99%	\$ 627,274	0%
12/31/06	145,739	161,511	15,772	90%	655,332	2%
12/31/07	229,683	268,808	39,125	85%	668,259	6%

NOTE 5. PRIOR PERIOD ADJUSTMENT

In the governmental fund financial statements, fund balance at July 1, 2007 has been adjusted. The adjustment resulted because prepaid insurance costs and certain accounts payable had not been recorded in prior years. The effect of this adjustment increases fund balance (General Fund) at July 1, 2007 by \$51,247.

In the government-wide financial statements, net assets at July 1, 2007 has been adjusted, due to the aforementioned adjustments on the governmental fund financial statements. The effect of this adjustment increases net assets of governmental activities at July 1, 2007 by \$51,247.

	Total Governmental Funds	General Fund
	<u> </u>	<u> </u>
Fund balance at June 30, 2007, as originally reported	\$ 1,501,551	\$ 1,295,103
Effect of prior period adjustment	<u>51,247</u>	<u>51,247</u>
Fund balance at June 30, 2007, as restated	<u>\$ 1,552,798</u>	<u>\$ 1,346,350</u>

	Governmental Activities
	<u> </u>
Net assets at June 30, 2007, as originally reported	\$ 5,154,644
Effect of prior period adjustment	<u>51,247</u>
Net assets at June 30, 2007, as restated	<u>\$ 5,205,891</u>

Required Supplementary Information

Holland Area Community Swimming Pool Authority
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Total Revenues	\$ 2,034,414	\$ 2,000,763	\$ 1,997,074	\$ 3,689
Expenditures:				
Total Expenditures	<u>2,049,534</u>	<u>2,000,020</u>	<u>1,943,276</u>	<u>56,744</u>
Net Change in Fund Balances	(15,120)	743	53,798	60,433
Fund Balance - July 1, As Restated	<u>1,346,350</u>	<u>1,346,350</u>	<u>1,346,350</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 1,331,230</u>	<u>\$ 1,347,093</u>	<u>\$ 1,400,148</u>	<u>\$ 60,433</u>



September 4, 2008

Authority Board
Holland Area Community
Swimming Pool Authority

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Holland Area Community Swimming Pool Authority (the Authority) as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our Responsibilities

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

Definitions Related to Internal Control Deficiencies

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority.

Identified Deficiencies in Internal Control

We believe the following deficiency constitutes a material weakness.

1. **Audit adjustments** - During the course of the June 30, 2008 audit, a June 30, 2007 misstatement was discovered, and a prior period adjustment was required to record certain prepaid expense amounts, as such amounts were considered material to the General Fund. An adjustment was also required to record similar amounts at June 30, 2008. As mentioned previously, such amounts were material to the General Fund, and accordingly, constitute a material weakness in internal control over financial reporting.

This communication is intended solely for the information and use of management, the Board of Trustees, and others in the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC